

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their seventh report together with the Audited Financial Statement of your Company for the year ended 31st March, 2015.

Financial Highlights

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2015	For the year ended 31 st March, 2014
Total Income.....	81,13,15,705	52,61,49,250
Profit/(Loss) Before Depreciation, Interest and Taxation.....	15,76,49,671	1,58,50,789
Less: Depreciation.....	56,71,831	14,18,640
Profit/(Loss) Before Interest and Taxation	15,19,77,840	1,44,32,149
Less:Interest.....	-	-
Profit/(Loss) Before Taxation	15,19,77,840	1,44,32,149
Less: Provision for Taxation	3,30,00,000	30,00,000
Deferred Tax.....	(8,44,071)	-
Profit/(Loss) for the year after Taxation.....	11,98,21,911	1,14,32,149
Add: Balance of Profit/(Loss) for earlier years	(6,74,82,837)	(6,74,82,837)
Less: Transfer to Debenture Redemption Reserve	(5,10,67,851)	(1,14,32,149)
Balance carried forward	12,71,223	(6,74,82,837)

Dividend

In view of the carried forward losses, no dividend has been recommended by your Directors during the financial year 2014-15.

Reserves

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

Operations

'Bloomdale', is the Company's first venture, located in Nagpur, Maharashtra. This project is conceived as a gated community spanning around 25.2 acres and offering a choice of midrise apartments, row houses and duplex homes. During the year, the Company launched three new phases of the project (IIB1, IIB2 and IIC1), taking the total saleable area launched to 0.84 million square feet. Construction is nearing completion for the first phase of the project (IA, IB and IC), and progressing as per schedule for the remaining phases and the club house. 80 per cent of the total units launched in this projects have been sold upto March 2015.

No material changes and commitments have occurred after the close of the year till the close of this Report, which affect the financial position of the Company.

The financial statement for the year under review have been prepared on the basis of going concern status of the Company.

During the year under review, no revision was made in the financial statement of the Company.

Share Capital

The Authorised and paid-up Equity Share Capital of the Company is ₹ 5 Lac which is presently held by Mahindra

Lifespace Developers Limited (MLDL) and B.E. Billimoria & Co. Limited (BEBL) in the ratio of 70:30 respectively. Your Company is a subsidiary of MLDL and consequently a subsidiary of its ultimate holding company, Mahindra & Mahindra Limited.

During the year, the Company has not issued any equity shares with differential rights or any sweat equity shares. The Company does not have any Employee Stock Option Scheme and therefore the requirement of disclosures in respect of voting rights not exercised directly by the employees are not applicable to your Company.

Non-Convertible Debentures

On 11th March, 2013, the Company had issued and allotted 40 – Secured Redeemable 11.60 % Coupon, Non-Convertible Debentures with a face value of ₹ 1 crore, aggregating ₹ 40 Crore on a Private Placement Basis.

On 10th September, 2014, the Company had issued and allotted 25 – Secured Redeemable 11.25 % Coupon, Non-Convertible Debentures with a face value of ₹ 1 crore, aggregating ₹ 25 Crore on a Private Placement Basis.

The proceeds from both the aforesaid issues of Non-Convertible Debentures have been fully utilised for the purposes of the issues.

Networth

The networth of the Company at the close of the previous financial year (FY 2013-14) and at the close of the current financial year (FY 2014-15) was ₹ (5,55,50,688) and ₹ 6,42,71,223 respectively.

Holding Company

Your Company is a 70:30 joint venture Company with B.E. Billimoria & Co. Limited, one of the leading construction companies in India.

Your Company is a subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company Mahindra & Mahindra Limited.

During the year, no company became / ceased to be subsidiary/ associate or joint venture company of your Company. Therefore the requirements of consolidated financial statement are not applicable to your Company.

Corporate Social Responsibility (CSR)

As the Company does not meet any of the criteria prescribed under Section 135(1) of the Companies Act, 2013 for the financial year 2014-15, the provisions with respect to CSR were not applicable to the Company.

Directors

During the year, Mr. Raghunath Murti (DIN: 00082761) and Mr. Vijay Khetan (DIN: 00465161) were appointed as Independent Directors not liable to retire by rotation, to hold the office for a term up to 5 (five) consecutive years commencing from 25th March, 2015. Mr. Murti and Mr. Khetan have given a declaration under Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

Pursuant to Section 152 of the Companies Act, 2013, Mr. Jayant Manmadkar (DIN: 03044559) a Non-executive and Non-independent Director retires by rotation at the 7th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. Mr. Manmadkar is not disqualified from being re-appointed as a Director by virtue of the provisions of Section 164 of the Companies Act, 2013.

During the year, Mr. Rajan Narayan (DIN : 00213953) resigned as a Director of the Company with effect from 25th March, 2015. The Board places on record its deep appreciation of the valuable services rendered by Mr. Narayan during his tenure as a Director of the Company.

During the year, the Nomination and Remuneration Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. Vijay Khetan, Mr. Raghunath Murti and two non-independent Directors, namely Mr. Rajendra Joshi and Mr. Digant Kapadia.

Mr. Raghunath Murti is the Chairman of the Committee.

Pursuant to the provisions of the Companies Act, 2013 evaluation of every Director's performance was done by Nomination and Remuneration Committee.

The following policies of the Company are attached herewith and marked as **Annexure 1**, **Annexure 2A** and **Annexure 2B** to this report.

1. Policy on appointment of Directors and Senior Management (**Annexure -1**)
2. Policy on remuneration of Directors (**Annexure -2A**)
3. Policy on remuneration of Key Managerial Personnel & Employees (**Annexure -2B**)

Key Managerial Personnel

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013

with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

Code of Conduct

The Company had adopted Code of Conduct ("the Code/s") for its Directors, Independent Directors, Senior Management and employees. These Codes enunciate the underlying principles governing the conduct of the Company's business and seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Codes from the Board members, Independent Directors and employees of the Company affirming compliance with the respective Codes.

Meetings

During the year six Board Meetings were convened and held on following dates:

17th April, 2014, 18th July, 2014, 9th September, 2014, 13th October, 2014, 20th January, 2015 and 25th March, 2015.

During the year five Audit Committee meetings were convened and held on the following dates :

17th April, 2014, 18th July, 2014, 9th September, 2014, 13th October, 2014 and 20th January, 2015.

During the year one Nomination & Remuneration Committee meeting was convened and held on 25th March, 2015.

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

Sr. No.	Name of the Director	No of Board meetings attended	No. of Audit Committee meetings attended	No. of Nomination & Remuneration Committee meetings attended
1.	Ms. Anita Arjundas	5	-	1
2.	Mr. Rajendra Joshi	6	5	1
3.	Mr. Jayant Manmadkar	6	5	-
4.	Mr. Rajan Narayan (Resigned w.e.f. 25 th March, 2015)	6	-	-
5.	Mr. Digant Kapadia	6	5	1
6.	Mr. Jeet Kapadia	5	-	-
7.	Mr. Raghunath Murti (appointed on 25 th March, 2015)	1	-	1
8	Mr. Vijay Khetan (appointed on 25 th March, 2015)	1	-	1

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors, based on the representations received from the operating management and after due enquiry, confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March, 2015 and of the profit of the Company for that period;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis; and
- (e) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. The Audit Committee of the Board periodically reviews the internal control systems with the management and auditors.

Composition of Audit Committee

During the year, the Audit Committee was reconstituted. The present members of the Committee comprises of two independent Directors, namely Mr. Vijay Khetan, Mr. Raghunath Murti and one Non-Executive Non-Independent Director, Mr. Jayant Manmadkar. Mr. Vijay Khetan is the Chairman of the Committee. All members of the Audit Committee possess strong knowledge of accounting and financial management. The Chairperson, Chief Operating Officer and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Board has accepted all recommendations of the Audit Committee made from time to time.

Vigil Mechanism

As the Company does not meet the prescribed criteria given under Section 177 of the Companies Act, 2013, the requirements for establishment of vigil mechanism are currently not applicable to your Company.

Risk Management

The Company already has in place the procedure to inform the Board about the risk assessment and minimization procedures. Your Company has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely

monitoring and reporting. The Board periodically reviews implementation and monitoring of the risk management plan for the Company.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, were appointed as auditors for a term of five consecutive years from the conclusion of 6th Annual General Meeting held on 15th July, 2014. Pursuant to Section 139(1) of the Companies Act, 2013, the Company shall place the matter relating to appointment of auditors for ratification by members at every Annual General Meeting. The members are requested to ratify the appointment of Statutory Auditors from conclusion of 7th AGM till the conclusion of 11th AGM.

As required under the provisions of Section 139 (1) and 141 of the Companies Act, 2013 read with the Companies (Accounts and Auditors) Rules, 2014, the Company has received a written consent and certificate from the above auditors whose appointment is proposed to be ratified, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

The Auditor's Report does not contain any qualification, reservation or adverse remark and therefore does not call for any further comments.

The requirements of having internal auditor, cost auditor and secretarial auditor are presently not applicable to your Company.

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

During the year, the Company has not entered into any transaction of loan, guarantee or investment under Section 186 of the Companies Act, 2013. In any case, as your Company is engaged in the business of providing Infrastructural facilities, the provisions of Section 186 of the Companies Act, 2013 related to loans made, guarantees given or securities provided are not applicable to the Company.

Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract / arrangement / transaction with related parties which could be considered material are given in **Annexure 3** in the form AOC-2. Your Directors draw attention to Note no. 26 to the financial statement which sets out details of transactions with related parties.

Deposits, Loans and Advances

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

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the parent company Mahindra Lifespace Developers Limited and ultimate parent company Mahindra & Mahindra Limited listed with the Stock Exchanges.

The particulars of Loans given, Investments made and Guarantees & Securities provided are given under notes to Financial statement and same form part of this Report.

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

The details of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year under review are given at **Annexure 4** to this report.

Employee Remuneration

The Company had no employee, who was employed throughout the financial year under review and was in receipt of remuneration from the Company of not less than ₹ Sixty lacs per annum or was employed for a part of the financial year and was in receipt of remuneration from the Company of not less than ₹ Five lacs per month during any part of the financial year ended on 31st March, 2015. Therefore the statement containing particulars of employees as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not attached to this report. None of the employees is a relative of any Director of the Company. None of the employees hold (by himself/herself or along with his/her spouse and dependent children) more than 2% of the Equity shares of the Company.

Extract of Annual Return

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 5** and forms part of this Report.

General

During the year ended 31st March, 2015, there were no cases filed / reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No penalties/strictures were imposed on the Company by any statutory authority on any matter. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

Cautionary statement:

Certain statements in the Directors' Report describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.

Acknowledgment

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

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN: 00243215

Mumbai, 16th April, 2015

ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT

will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons based on merit, experience and knowledge who may be appointed in senior management team.

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

For and on behalf of the Board,
Anita Arjundas
 Chairperson
 DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 2A TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY FOR REMUNERATION OF THE DIRECTORS

Purpose

This Policy sets out the approach to Compensation of Directors in Mahindra Bebanco Developers Limited.

Policy Statement

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

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

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

factors as the NRC may consider deem fit for determining the compensation. The Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors:

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

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

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

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 2B TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

POLICY ON REMUNERATION OF KEY MANAGERIAL PERSONNEL AND EMPLOYEES

This Policy shall be effective from the financial year 2014 - 15.

Objective

To establish guidelines for remunerating employees fairly and in keeping with Statutes.

Standards

- All employees, irrespective of contract, are to be remunerated fairly and the remuneration is to be externally competitive and internally equitable. The remuneration will be paid in accordance with the laid down Statutes.
- Remuneration for on-roll employees will include a fixed or guaranteed component payable monthly; and a variable component which is based on performance and paid annually in the month of July following the fiscal.
- The fixed component of remuneration will have a flexible component with a bouquet of allowances to enable an employee to choose the allowances as well as the quantum based on laid down limits as per Company policy. The flexible component can be varied only once annually in the month of July i.e. after the salary increment exercise.
- The variable component of the remuneration will be a function of the employee's grade.
- The actual pay-out of variable component of the remuneration will be a function of individual performance

as well as business performance. Business performance is evaluated using a Balanced Score Card (BSC) while individual performance is evaluated on Key Result Areas (KRA). Both the BSC and KRAs are evaluated at the end of the fiscal to arrive at the BSC rating of the business and PPS rating of the individual.

- An annual compensation survey is carried out to ensure that the Company's compensation is externally competitive. Based on the findings of the survey and the business performance, the Sector Talent Council decides:
 - a) The increment that needs to be paid for different performance ratings as well as grades.
 - b) The increment for promotions and the total maximum increment.
 - c) The maximum increase in compensation cost in % and absolute.
- Compensation corrections are made in a few cases where it is outside the band or to keep it tune with the market.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 3 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

FORM NO. AOC.2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis:
NIL
2. Details of material contracts or arrangement or transactions at arm's length basis
 - (a) Name(s) of the related party and nature of relationship:-
B.E. Billimoria & Co Ltd – Mr. Digant Kapadia is a common Director on the Boards of the Company and of B.E. Billimoria & Co Ltd. Also the Company is an Associate Company of B.E. Billimoria & Co Ltd.
 - (b) Nature of contracts/arrangements/transactions:-
Principal Construction Contractor for Company's Residential Development project at MIHAN, Nagpur.
 - (c) Duration of the contracts/arrangements/transactions and Salient terms of the contracts or arrangements

or transactions including the value, if any:- The commencement date for the construction works is 18th October, 2011 and the completion date shall be 10th January 2017. The total cost of contract is ₹ 242 Crs. Estimated salable area of the contract is 15, 31,478 sqft.

(d) Date(s) of approval by the Board, if any:- 17th October, 2011

(f) Amount paid as advances, if any:

		Amount in ₹
Total Mobilization advance given against Bank Guarantee	Total Mobilization advance deducted	Total Mobilization advance outstanding
148,229,494	77,548,308	70,681,186

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 4 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015**A. CONSERVATION OF ENERGY:**

(i)	the steps taken or impact on conservation of energy;	: As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building. Green building increases the resource efficiency (energy, water, and materials), while reducing impacts on human health and the environment, through better selection of sites, design, construction, operation, maintenance, and removal i.e. the complete building life cycle Steps taken for energy conservation: 1. Energy efficient building envelopes for walls and roofs 2. Energy efficient electronic ballast & all lighting system 3. Heat Reflective paint 4. Adoption of high efficient light fittings 5. Adoption of high efficient pumps, motors 6. Group control mechanism for lifts 7. CFL/LED lamps for common areas & pathways
(ii)	the steps taken by the company for utilising alternate sources of energy	: None
(iii)	the capital investment on energy conservation equipments	: It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/ green investments. During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself. These expenditures are mainly for 1. use of energy efficient building envelopes 2. heat reflective paint, 3. low flow fixtures, 4. sewage treatment plant, 5. rain water harvesting system, 6. organic waste converter, 7. energy efficient equipments such as pumps and motors, etc.

B. TECHNOLOGY ABSORPTION

(i)	the efforts made towards technology absorption	: Around 25 technologies were studied, Out of those Two technologies viz. Aluminium Formwork (Mivan) and High Volume Fly ash Concrete for internal roads were used.
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	Major benefits of the technologies are – Increase in work speed, better finish Quality, better durability due to monolithic structures & less manpower requirement. Hence, reduction in cost.
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	(a) The details of technology imported – Aluminium Formwork (Mivan)
		(b) The year of import – FY13-14 & FY15 (Aluminum Formwork - Mivan)
		(c) Whether the technology been fully absorbed – Yes
		(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof – NA
(iv)	the expenditure incurred on Research and Development	: NA

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no transactions involving Foreign Exchange earnings in terms of actual inflows and the Foreign Exchange outgo in terms of actual outflows.

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

ANNEXURE 5 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2015

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

(PURSUANT TO SECTION 92(3) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014)

1. REGISTRATION AND OTHER DETAILS:

1.	CIN	U45203MH2008PLC183107
2.	Registration Date	03/06/2008
3.	Name of the Company	Mahindra Bebanco Developers Limited
4.	Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
5.	Address of the Registered office and contact details	Mahindra Towers, 5 th Floor, Dr G M Bhosale Marg, Worli, Mumbai 400 018. Tel No: 022-67478600/8601, Fax: 022-24975084
6.	Whether listed Company (Yes/No)	No
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of Main Product/Services	NIC Code of the Product*	% to total turnover of the Company#
1	Construction of Buildings	410	100

*As per National Industrial Classification- Ministry of Statistics and Programme Implementation.

on the basis of Gross Turnover.

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary of the Company	% of shares held	Applicable Section
	Mahindra Lifespace Developers Limited	L45200MH1999PLC118949	Holding	70	2(87)(ii)
	B.E. Billimoria & Co. Ltd.	U45200MH1962PLC012268	Associate	30	2(6)

The Company does not have any Subsidiary Company.

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individuals/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	50,000	50,000	100	–	50,000	50,000	100	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Banks/FI	-	-	-	-	-	-	-	-	-
f. Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	50,000	50,000	100	-	50,000	50,000	100	-
2. Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Body Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Others...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	50,000	50,000	100	-	50,000	50,000	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Non Resident Individuals)	-	-	-	-	-	-	-	-	-
d) Others Trust	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	50,000	50,000	100	-	50,000	50,000	100	-

(ii) Shareholding of Promoters

Sr. No.	Category of Shareholder	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mahindra Lifespace Developers Limited	34,950	69.90	–	34,950	69.90	–	–
2	B.E. Billimoria & Co.Ltd.	15,000	30	–	15,000	30	–	–
3	Mahindra Lifespace Developers Ltd & Mr. Arun Nanda	10	0.02	–	10	0.02	–	–
4	Mahindra Lifespace Developers Ltd & Ms. Anita Arjundas	10	0.02	–	10	0.02	–	–
5	Mahindra Lifespace Developers Ltd & Mr. Suhas Kulkarni	10	0.02	–	10	0.02	–	–
6	Mahindra Lifespace Developers Ltd & Mr. Ulhas Bhosale	10	0.02	–	10	0.02	–	–
7	Mahindra Lifespace Developers Ltd Mr. Jayantt Manmadkar	10	0.02	–	10	0.02	–	–

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

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

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

5. INDEBTNESS

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

(₹ in Crs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	40.00	25.21	–	65.21
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	0.26	4.14	–	4.40
Total (i+ii+iii)	40.26	29.35	–	69.61
Change in Indebtedness during the financial year				
• Addition	30.00	–	–	30.00
• Reduction	40.00	–	–	40.00
Net Change	10.00	–	–	10.00
Indebtedness at the end of the financial year				
i) Principal Amount	30.00	25.21	–	55.21
ii) Interest due but not paid	0	–	–	–
iii) Interest accrued but not due	0.18	7.03	–	7.21
Total (i+ii+iii)	30.18	32.24	–	62.42

6. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager: Not Applicable

B. Remuneration of other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amt.
		Mr. Rajendra Joshi	Mr. Jeet Kapadia	Mr. Jayant Manmadkar	Mr. Raghunath Murti	Ms. Anita Arjundas	Mr. Vijay Khetan	Mr. Digant Kapadia	
1.	Independent Directors								
	• Fee for attending board/committee meetings *	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	-	-	-	-	-	-	-	-
2.	Other Non-Executive Directors								
	• Fee for attending board/committee meetings	-	-	-	-	-	-	-	-
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-	-	-
	Total (A)	-	-	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	1,00,000	-	1,00,000	-	-

* The Board at its meeting held on 16th April, 2015 had approved payment of sitting fees to Independent Directors as under :

Meetings	Fees	Effective from
For attending each Board meeting	Rs. 20,000	For all meetings held on 16 th April, 2015 and thereafter
For attending each Committee meeting	Rs. 10,000	Next meeting
For attending meeting of CSR Committee, if any	Nil	Not Applicable

None of the Directors other than Independent Directors receive any sitting fees from the Company.

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD: Not Applicable

I) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act.	Brief description	Details of penalty/Punishment/compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give details)
Penalty			NONE		
Punishment					
Compounding					
OTHER OFFICERS IN DEFAULT			NONE		
Penalty					
Punishment					
Compounding					

For and on behalf of the Board,

Anita Arjundas
Chairperson
DIN : 00243215

Mumbai, 16th April, 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAHINDRA BEBANCO DEVELOPERS LIMITED

Report on the Financial Statements

1. We have audited the accompanying standalone financial statements of **MAHINDRA BEBANCO DEVELOPERS LIMITED** ("the Company"), which comprise the balance sheet as at 31st March, 2015, and the statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the

Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its profit and cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of written representations received from the directors as on 31st March, 2015 taken on record by the

Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivate contracts for which there were any material foreseeable losses.

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

For **B. K. Khare and Co.**

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Place: Mumbai

Dated: 16th April, 2015

Membership Number: 44784

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the accounts of Members of Mahindra Bebanco Developers Limited ended 31st March, 2015

- 1) (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) Fixed assets have been physically verified by the management during the year and no material discrepancies were noted on such verification.
- 2) The Company's inventory comprises only construction work in progress. The Company does not have any inventory of raw material, finished goods, stores, and spares. Hence para 3(ii) of the Order is not applicable to the Company.
- 3) According to the information and explanations given to us the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
- 5) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Companies Act, 2013, and the rules framed thereunder.
- 6) As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- 7) (i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it. The provisions of Excise Duty are not applicable to the operations of the Company.
(ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year end for a period of more than six months from the date they became payable.
(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
8. The Company does not have any accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
9. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- 10) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 11) In our opinion, the term loans have been applied for the purpose for which they were obtained.
- 12) Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the year.

For **B. K. Khare and Co.**

Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner

Place: Mumbai
Dated: 16th April, 2015

Membership Number: 44784

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note	Current Year ₹	Previous Year ₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital.....	3	5,00,000	5,00,000
Reserves and surplus.....	4	6,37,71,223	(5,60,50,688)
		6,42,71,223	(5,55,50,688)
Non-Current liabilities			
Long term borrowings.....	5	50,21,41,835	25,21,41,835
		50,21,41,835	25,21,41,835
Current Liabilities			
Short term Borrowings.....	6	12,90,19,653	46,388,395
Trade Payables.....	7	36,99,99,846	39,61,29,151
Other current liabilities.....	8	22,18,57,789	57,41,49,718
Short term provisions.....	9	32,57,566	22,15,755
		72,41,34,854	1,01,88,83,020
Total		1,29,05,47,911	1,21,54,74,167
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets.....	10	2,46,68,824	1,93,80,734
		2,46,68,824	1,93,80,734
Other Non Current Assets.....	11	2,54,77,800	2,44,92,800
Deferred Tax Assets (Net)	12	8,44,071	–
		5,09,90,694	4,38,73,534
Current assets			
Inventories	13	75,06,94,749	88,00,15,069
Trade receivables	14	9,19,24,205	15,35,39,757
Cash and Cash Equivalents	15	1,29,12,617	1,54,27,734
Short term loans and advances	16	14,23,18,927	10,52,86,445
Other current assets.....	17	24,17,06,719	1,73,31,629
		1,23,95,57,217	1,17,16,00,633
Total		1,29,05,47,911	1,21,54,74,167

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Rajendra Joshi }
Raghunath Murti }
Vijay Khetan }
Digant Kapadia } Directors
Jeet Kapadia }
Jayant Manmadkar }

Place : Mumbai
Date : 16th April, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note	Current Year ₹	Previous Year ₹
REVENUE			
Income from Operations		80,95,26,062	52,56,98,191
Other Income	18	17,89,643	4,51,059
		81,13,15,705	52,61,49,250
EXPENDITURE			
Operating Expenses	19	58,04,35,211	44,00,49,642
Employee benefits	20	70,51,193	45,54,054
Finance costs.....	21	–	–
Depreciation.....	10	56,71,831	14,18,640
Administrative & Other expenses.....	22	6,19,79,631	6,26,94,765
Other Operating Expenses.....	23	42,00,000	30,00,000
		65,93,37,865	51,17,17,101
Profit/(Loss) before tax		15,19,77,840	1,44,32,149
Less: Tax expense			
– Current tax.....		3,30,00,000	30,00,000
– Deferred tax.....		(8,44,071)	–
Profit/(Loss) after tax		11,98,21,911	1,14,32,149
Earnings per equity share:			
Basic and diluted.....		2,396.44	228.64

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Rajendra Joshi }
Raghunath Murti }
Vijay Khetan }
Digant Kapadia } Directors
Jeet Kapadia }
Jayant Manmadkar }

Place : Mumbai
Date : 16th April, 2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	Current Year ₹	Previous Year ₹
A. Cash flow from operating activities		
Profit/(Loss) before tax	15,19,77,840	1,44,32,149
Adjustments for:		
Depreciation.....	56,71,831	14,18,640
Operating Profit/(loss) before working capital changes	15,76,49,670	1,58,50,789
Changes in working capital:		
<i>Adjustments in operating assets</i>		
(Increase)/decrease in short term loans and advances	(3,70,32,480)	(30,08,996)
(Increase)/decrease in inventories	12,93,20,320	37,03,191
(Increase)/decrease in trade receivable	6,16,15,552	(10,89,30,548)
(Increase)/decrease in long term loans and advances	(9,85,000)	(12,92,800)
(Increase)/decrease in other current assets	(22,43,75,090)	7,47,72,966
<i>Adjustments in operating liabilities</i>		
Increase/(decrease) in Long Term Borrowings.....	-	-
Increase/(decrease) in other current liabilities.....	(5,85,29,542)	7,89,29,152
Increase/(decrease) in trade payables.....	(2,61,29,305)	(7,39,71,794)
	(15,61,15,546)	(2,97,98,830)
Cash (used in) operations.....	15,34,125	(1,39,48,040)
Taxes paid	2,42,79,424	2,13,793
Net cash (used in) operating activities	2,58,13,548	(1,37,34,247)
B. Cash flow from investing activities:		
(Purchase)/Sale of fixed assets	(1,09,59,921)	(1,97,19,444)
(Purchase)/Sale of investments	-	2,75,66,809
Net cash from investing activities	(1,09,59,921)	78,47,365
C. Cash flow from financing activities:		
Proceeds from borrowings.....	38,26,31,256	1,03,99,619
Repayment of borrowings.....	(40,00,00,000)	-
Net cash from financing activities.....	(1,73,68,744)	1,03,99,619
Net increase/(decrease) in cash and cash equivalents	(25,15,117)	45,12,737
Cash & cash equivalents		
Opening balance	1,54,27,734	1,09,14,997
Closing balance	1,29,12,617	1,54,27,734
Net increase/(decrease) in cash and cash equivalents	(25,15,117)	45,12,737
Cash & Cash equivalents comprise of:		
Cash on Hand.....	157	30,165
Balance with Banks	1,29,12,460	1,53,97,569
TOTAL.....	1,29,12,617	1,54,27,734

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 44784

Place : Mumbai
Date : 16th April, 2015

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*
Rajendra Joshi
Raghunath Murti
Vijay Khetan
Digant Kapadia
Jeet Kapadia
Jayant Manmadkar *Directors*

Place : Mumbai
Date : 16th April, 2015

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1 CORPORATE INFORMATION

The company is engaged in the business of development of residential complexes in MIHAN at Nagpur. Based on the nature of activity carried out by the Company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current - Non Current classification of assets & liabilities.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable.

2.3 Inventories

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

2.4 Fixed Assets

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case of construction.

The carrying amount of cash generating units/assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on tangible fixed assets has been provided on prorata basis, on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 or estimated useful life, whichever is lower.

Lease hold improvements are amortised over the period of lease/ estimated period of lease.

2.5 Revenue

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual construction and development costs incurred is at least 25 % of the total estimated construction and development costs excluding land and when at least 10% of the sales consideration is realised and at least 25% of total area is sold.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1st April 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1st April 2012, revenues will be recognized from these real estate projects only when

- i. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- ii. when at least 10% of the sales consideration is realised and
- iii. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Interest income is accounted on accrual basis of contracted rates except where there is uncertainty of ultimate collection.

Dividend income is recognised when the right to receive the same is established

2.6 Investments

Investments are classified into long term and current investments.

Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

2.7 Employee benefits

In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

2.8 Provision for Taxation

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

2.9 Impairment of assets

The carrying values of assets/cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015
2.10 Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

2.11 Borrowing Costs

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

3 Share Capital
Authorised

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up

	Current Year ₹	Previous Year ₹
50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up	5,00,000	5,00,000

Issued, subscribed and paid up.

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up

50,000 (Previous Year 50,000) equity shares of ₹ 10 each fully paid up	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>

a. 35,000 equity shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.

There has been no movement in the equity share capital during the year.

b. **Terms/Rights attached to Equity Shares**

The company has only one class of Equity shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

Repayment of capital on liquidation will be in proportion to the number of equity shares held.

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Value of Shares Rupees ₹	No of Shares	Value of Shares Rupees ₹
Equity Shares				
At the beginning of the period	50,000	5,00,000	50,000	5,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	50,000	5,00,000	50,000	5,00,000

d. Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company:

	Current Year		Previous Year	
	No of Shares	Value of Shares ₹	No of Shares	Value of Shares ₹
Holding Company (70%) Mahindra Lifespace Developers Limited Equity	35,000	3,50,000	35,000	3,50,000
B. E. Billimoria & Co Limited (30%) Equity	15,000	1,50,000	15,000	1,50,000

	Current Year ₹	Previous Year ₹
4 Reserves & Surplus		
A. Surplus/(Deficit) in the Statement of Profit & Loss:		
Opening balance	(6,74,82,837)	(6,74,82,837)
Add: Profit/(Loss) for the Current Year	11,98,21,911	1,14,32,149
	<u>5,23,39,074</u>	<u>(5,60,50,688)</u>
Less: Transfer to Debenture Redemption Reserve (Refer Note 4a)	(5,10,67,851)	(1,14,32,149)
Net Statement of Profit & Loss Surplus/(Deficit)	<u>12,71,223</u>	<u>(6,74,82,837)</u>
B. Debenture Redemption Reserve:		
Opening balance	1,14,32,149	-
Add: Transfer from Statement of Profit and Loss	5,10,67,851	1,14,32,149
Net Balance in Debenture Redemption Reserve	<u>6,25,00,000</u>	<u>1,14,32,149</u>
Closing Balance (A+B)	<u>6,37,71,223</u>	<u>(5,60,50,688)</u>

a. Debenture Redemption Reserve has been created to the extent of profits available for appropriation for the current Financial Year only.

	Current Year ₹	Previous Year ₹
5 Long Term Borrowings		
Secured		
25 Secured Non Convertible Debentures of face Value of ₹ 1,00,00,000/- each	25,00,00,000	-
Unsecured		
Loan from related parties	25,21,41,835	25,21,41,835
	<u>50,21,41,835</u>	<u>25,21,41,835</u>
a. The debentures are repayable in 24 months on the date of redemption.		
b. RATE OF INTEREST: Coupon Rate is 11.25% per annum, compounded semi-annually. Interest payment is semi-annually. (for NCD)		
c. SECURITY: The above Non Convertible Debentures are secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from the project		
d. The company has not defaulted in repayment of interest and principal		
e. Loan from related parties carries a coupon rate of is 12.75% p.a and is repayable on demand.		

6 Short Term Borrowings
Secured

Loans repayable on demand from bank

Cash Credit Facility

(The above facility is secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from Project)

Rate of interest is 13.25% p.a

	Current Year ₹	Previous Year ₹
Cash Credit Facility	12,90,19,653	4,63,88,395
	<u>12,90,19,653</u>	<u>4,63,88,395</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
7 Trade Payables			Service Tax	-	-
Trade Payables - Micro & Small Enterprises	-	-	Vat Payable - Maharashtra	7,86,279	3,36,963
Trade Payables - Others	36,99,99,846	39,61,29,151	Others	2,800	2,600
Contractual expenses payable	3,62,37,007	3,08,28,328	Other Payables		
Accrued Expenses	33,23,53,937	36,26,66,483	Defect Liability Provision	72,00,000	30,00,000
GR IR Account	14,08,902	26,34,340	Others	47,396	49,171
Payable on purchase of Fixed Assets	-	-		<u>22,18,57,789</u>	<u>57,41,49,718</u>
	<u>36,99,99,846</u>	<u>39,61,29,151</u>			

Based on the information available with the Company there are no outstanding in respect of Micro, Small and Medium Enterprises as of Balance Sheet date.

	Current Year ₹	Previous Year ₹
8 Other current Liabilities		
Advances from customers	7,45,37,762	12,05,25,803
Interest accrued but not due	7,20,04,430	4,40,45,530
Current maturities of long-term debt	5,00,00,000	40,00,00,000
Provision for Current Tax (Net of Advance Tax)	1,17,14,185	24,74,753
Other liabilities	1,36,01,412	71,03,632
Statutory Remittances		
Withholding Taxes	44,31,624	29,09,598
Works contract Tax	11,33,313	8,05,300

- a The current maturity of long term debt of Rs 50,00,00,000 represent 366 day Unsecured loan availed during the year at an interest rate of 11.50% repayable on 25th March, 2016.
- b The current maturity of long term debt of Rs 40,00,00,000 at 31st March, 2014 represents secured non convertible debentures carrying a coupon rate of 11.60% per annum, compounded semi-annually. Interest payment is semi annual. The debentures were redeemed during the year.
- c The above Non Convertible Debentures are secured by First pari passu charge by way of mortgage on the Property/Project and second charge over escrow of receivables from the project

	Current Year ₹	Previous Year ₹
9 Short Term Provisions		
Provision for Employee Benefits		
Compensated absences	6,13,308	6,30,013
Provision for Gratuity	8,62,671	-
Others	17,81,587	15,85,742
	<u>32,57,566</u>	<u>22,15,755</u>

10 Fixed Assets

Description of Assets	Gross Block			Depreciation			Net Block	
	As at 1 st April, 2014	Additions	As at 31 st March, 2015	As at 1 st April, 2014	For the year	As at 31 st March, 2015	As at 31 st March, 2015	As at 31 st March, 2014
Tangible Assets								
Lease Hold Improvement	1,57,35,627	97,87,043	2,55,22,670	12,47,625	44,25,904	56,73,529	1,98,49,141	1
Computers	10,50,925	9,20,485	19,71,410	4,63,724	5,73,820	10,37,544	9,33,866	5,87,201
Furniture & Fixture	37,09,864	-	37,09,864	3,69,745	3,30,872	7,00,617	30,09,247	1,78,28,120
Office Equipment	12,24,747	2,52,393	14,77,140	2,59,335	3,41,235	6,00,570	8,76,570	9,65,412
Total	2,17,21,162	1,09,59,921	3,26,81,083	23,40,429	56,71,831	80,12,259	2,46,68,824	1,93,80,734
Previous year	20,01,718	1,97,19,444	2,17,21,162	9,21,789	14,18,640	23,40,429	1,93,80,734	10,79,930

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
11 Other Non Current Assets			13 Inventories (valued at lower of cost or net realisable value)		
Security Deposits	2,15,22,800	2,15,37,800	Construction Work in progress	75,06,94,749	88,00,15,069
Bank Balances				<u>75,06,94,749</u>	<u>88,00,15,069</u>
Long term deposits (margin money) with banks having maturity more than 12 months	39,55,000	29,55,000			
	<u>2,54,77,800</u>	<u>2,44,92,800</u>			
12 Deferred Tax Assets (Net)					
Deferred Tax Assets			Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.		
Others	16,42,584	-			
Deferred Tax Liabilities					
Fixed Assets	(7,98,513)	-			
	<u>8,44,071</u>	<u>-</u>			

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
14 Trade Receivable			18 Other Income		
Trade Receivables outstanding for less than six months			Transfer Fee received from Customer	11,79,706	4,51,059
Secured, considered good	4,94,36,961	12,26,86,803	Interest on Delayed Payment	6,09,937	-
Unsecured, considered good	-	-		<u>17,89,643</u>	<u>4,51,059</u>
	<u>4,94,36,961</u>	<u>12,26,86,803</u>	19 Operating Expenses		
Less: Provision for doubtful debts	-	-	Opening Work In Progress 01.04.2014	88,00,15,069	88,37,18,259
(A)	<u>4,94,36,961</u>	<u>12,26,86,803</u>	Add : Consumption during 01.04.2014 - 31.03.2015		
Trade Receivables outstanding for more than six months			Architect Fees	88,78,773	22,42,972
Secured, considered good	4,24,87,243	3,08,52,954	Stamp Duty	10,00,000	-
Unsecured, considered good	-	-	Interest on loan from related parties	3,21,48,092	3,21,48,094
Less: Provision for doubtful debts	-	-	Interest on Debentures	4,00,81,405	4,64,00,000
(B)	<u>4,24,87,243</u>	<u>3,08,52,954</u>	Interest on Cash Credit	1,42,39,011	1,20,16,868
(A+B)	<u>9,19,24,204</u>	<u>15,35,39,757</u>	Employee, Remuneration & Staff Welfare Expenses	69,22,806	71,06,028
15 Cash and Cash Equivalents			Civil Work	33,97,83,719	36,56,64,214
Cash on Hand	157	30,165	Electrical Work	2,06,20,865	-
Balances with banks			Service Tax Cenvat Credit	(1,04,28,405)	(2,91,05,449)
On Current Accounts	1,29,12,460	1,53,97,569	Royalty Expenses	-	-
In Deposit Accounts (Less than 3 months maturity)	-	-	Professional Charges	17,16,872	-
	<u>1,29,12,617</u>	<u>1,54,27,734</u>	Miscellaneous Expenses	6,90,156	5,82,759
Other Bank Balance			Interest on FD	(25,64,020)	(2,09,752)
In Deposit Accounts (With Maturity more than 3 months but less than 12 months)	-	-	Profit on redemption of Mutual Fund	(8,44,718)	-
	<u>1,29,12,617</u>	<u>1,54,27,734</u>	Divident Income	(11,29,666)	(4,99,283)
16 Short Term Loans and advances			Total consumption 01.04.2014 - 31.03.2015	45,11,14,891	43,63,46,451
Loans & Advances			Less: Closing wip 31.03.2015	75,06,94,749	88,00,15,069
- Considered good				<u>58,04,35,211</u>	<u>44,00,49,642</u>
Mobilisation advance given to vendors	7,06,81,187	8,25,53,889	20 Employee Benefits Expenses		
Other advances	4,01,05,594	27,24,382	Salaries, allowances & Bonus	1,19,45,631	1,09,79,003
Interest Accrued on Fixed Deposits	8,50,971	4,15,250	Staff welfare expenses	19,80,137	6,27,938
Cenvat Credit (Service Tax)	3,06,81,175	1,95,92,924		<u>1,39,25,768</u>	<u>1,16,06,941</u>
- Considered doubtful	-	-	Less: Allocated to Projects	(68,74,575)	(70,52,887)
	<u>14,23,18,927</u>	<u>10,52,86,445</u>		<u>70,51,193</u>	<u>45,54,054</u>
Less : Provision for doubtful loans & advances	-	-	21 Finance Cost		
	<u>14,23,18,927</u>	<u>10,52,86,445</u>	Interest on loan from related parties	3,21,48,092	3,21,48,094
	<u>14,23,18,927</u>	<u>10,52,86,445</u>	Interest on Debentures	4,00,81,405	4,64,00,000
17 Other Current Assets			Interest on Cash Credit	1,42,39,011	1,20,16,868
Unbilled Revenue	231,238,485	17,331,629	Less: Allocated to Projects	(8,64,68,508)	(9,05,64,962)
Others	10,468,233	-		<u>-</u>	<u>-</u>
	<u>241,706,718</u>	<u>17,331,629</u>		<u>-</u>	<u>-</u>

	Current Year ₹	Previous Year ₹
22 Administration & Other Expenses		
Rent, Rates and taxes	-	3,95,300
Repairs and Maintenance		
- Buildings	-	-
- Others	17,22,149	12,64,134
Legal and Professional Fee	3,94,67,454	4,19,90,874
Advertisement and Marketing Expenses	91,66,385	95,16,038
Brokerage	64,30,492	42,91,415
Remuneration to auditors		
Audit Fees	5,61,800	5,61,800
Tax Audit Fees	73,034	1,12,360
Other Services	2,24,720	4,49,440
Miscellaneous expenses	43,33,597	41,13,404
	<u>6,19,79,631</u>	<u>6,26,94,765</u>
23 Other Operating Expenses		
Defect Liability Expenses	42,00,000	30,00,000
	<u>42,00,000</u>	<u>30,00,000</u>

The Movement in the defect liability expense provision is summarised below:

Balance, beginning of the year	30,00,000
Provision during the year	42,00,000
Utilisation during the year	-
Balance, end of the year	72,00,000

24 In respect of real estate projects under long term contracts, determination of profits/losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects/activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

	Current Year ₹	Previous Year ₹
25 Employee benefits		
Gratuity:		
a Principal Actuarial Assumptions		
Particulars		
Discount rate	7.80%	9.10%

	Current Year ₹
b Reconciliation of Benefit Obligation	
Change in defined benefit obligations (DBO)	
Present value of DBO at beginning of the year	6,26,806
Current service cost	2,10,511
Interest cost	57,039
Actuarial (gains)/losses	(31,685)
Benefits paid	-
Present value of DBO at the end of the year	<u>8,62,671</u>

	Current Year ₹
c Expenses recognised in the statement of profit and loss for the year ended 31 March 2015:	
Components of employer expense	
Current service cost	2,10,511
Interest cost	57,039
Actuarial losses/(gains)	(31,685)
Total expense recognised in the statement of profit and loss	<u>2,35,865</u>

	Current Year ₹
d Experience adjustment on plan liabilities (loss)/gain	
Particulars	
Net asset/(liability) recognised in the balance sheet	
Present value of defined benefit obligation	8,62,671
Fair value of plan assets	-
Funded status [surplus/(deficit)]	(8,62,671)
Unrecognised past service costs	-
Experience adjustment on plan liabilities (loss)/gain	2,02,812
Net asset/(liability) recognised in the balance sheet	<u>(8,62,671)</u>

26 Related party transactions

a	Description of relationship	Names of related parties
	Ultimate Holding Company	Mahindra & Mahindra Limited
	Holding Company	Mahindra Lifespaces Developers Limited
	Associate Company	B.E. Billimoria & Co. Ltd

Note: Related parties have been identified by the Management.

Details of related party transactions and balances outstanding as at 31st March, 2015:

b Nature of transactions:

	Holding company		Associate Company	
	Current Year	Previous Year	Current Year	Previous Year
Purchase of services	4,53,55,066	3,98,28,475	392,250,403	37,74,03,642
Interest on inter corporate deposit	2,24,98,174	2,24,98,176	96,49,918	96,49,918
Net Payable	26,18,33,111	23,32,71,143	(1,34,06,496)	81,99,466

27 Earnings Per share

	Current Year	Previous Year
Net (loss) after tax	11,98,21,911	1,14,32,149
Weighted average number of Equity shares (Nos.)	50,000	50,000
Nominal value of shares	10	10
Basic and Diluted Earnings/(loss) per share	2,396.44	228.64

28 The Company operates in one segment namely project and development activity.

29 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

As per our report attached hereto

For and on behalf of
B. K. Khare & Co
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No.: 044784

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Rajendra Joshi
Raghunath Murti
Vijay Khetan
Digant Kapadia
Jeet Kapadia
Jayant Manmadkar } Directors

Place : Mumbai

Date : 16th April, 2015

Place : Mumbai

Date : 16th April, 2015