# DIRECTORS' REPORT TO THE MEMBERS

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

**Financial Highlights**

(Amount in ₹)

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

### Indian Accounting Standards

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

### Dividend

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

### Reserves

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

### Operations

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

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

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

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

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

The financial statement for the year under review have been prepared on the basis of going concern status of the Company. However, the Company has converged to IND AS and therefore, the figures for corresponding period has been accordingly revised.

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

### Share Capital

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

**Paid up Equity and Preference Share Capital**

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

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

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

**Rights Issue**

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

**Debentures**

During the year, Company has not issued/allotted any non-convertible debentures. In the financial year 2013-14, the Company had issued and allotted 32,017,000 – Series A Debentures i.e. Compulsorily Convertible Debentures with a face value of ₹ 100 (Rupees Hundred Only) each for cash at par to SCM and 32,017,000 – Series B Debentures i.e. Optionally Convertible Debentures with a face value of ₹ 100 (Rupees Hundred Only) each for cash at par to MLDL. The proceeds of the issue have been fully utilised for the purposes of the Issue.

**Networth**

The networth of the Company at the close of the previous financial year (FY 2015-16) and at the close of the current financial year (FY 2016-17) was ₹ (69,894,242) and ₹ 94,771,922 respectively.

**Holding, Subsidiary, Associate or Joint Venture company**

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

**Board of Directors**

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

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

Consequent upon your company becoming a subsidiary of a public limited company i.e. MLDL, the Directors are liable to retire by rotation. The necessary amendments to align the articles of association of the Company with applicable provisions of the Companies Act, 2013 are being submitted for approval of the shareholders. Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ramesh Ranganathan is liable to retire by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

**Key Managerial Personnel**

As the Company does not meet threshold limit for the paid-up share capital, the provisions of the Companies Act, 2013 with respect to appointment of Key Managerial Personnel are currently not applicable to your Company.

**Committees of the Board**

**Corporate Social Responsibility (CSR) Committee**

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

The Role of the Committee is to formulate and recommend a CSR policy to the Board, to recommend amount of expenditure to be incurred on CSR activities, to monitor the CSR policy of the Company from time to time and to institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company.

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

**Meetings**

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

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

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

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

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

**Code of Conduct**

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

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

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

**Directors' Responsibility Statement**

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

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2017 and of the profit of the Company for that period;

(c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) they had prepared the annual accounts on a going concern basis; and

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

**Internal Financial Controls**

The Company has in place adequate internal financial controls with reference to the financial statement. The Board reviews the internal control systems with the auditors.

**Vigil Mechanism**

The Company has established a vigil mechanism by adopting a Whistle Blower Policy for Directors and employees to report genuine concerns in the prescribed manner. The vigil mechanism is overseen by the Chairperson and provides adequate safeguards against victimisation of employees and Directors. Whistle Blower Policy is a mechanism to address any complaint(s) related to fraudulent transactions or reporting intentional non-compliance with the Company's policies and procedures and any other questionable accounting/operational process followed. It provides a mechanism for employees to approach the Chairperson of the Company. During the year, no such incidence was reported and no personnel were denied access to the Chairperson of the Company. The Whistle Blower Policy of the Company is attached herewith as **Annexure 1**.

**Risk Management**

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

**Auditors**

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

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

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

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

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

**Cost Auditors**

The Board of Directors had appointed CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant, Mumbai, (M-15797 & FRN 101329) as Cost Auditor of the Company to conduct audit of the cost records maintained by the Company for the financial year 2016-17. CMA Vaibhav Prabhakar Joshi has confirmed that his appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and has also certified that he is free from any disqualification specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Members' ratification for the remuneration payable to CMA Vaibhav Prabhakar Joshi, Practising Cost Accountant is included in the Notice convening the Annual General Meeting.

**Secretarial Auditor**

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

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

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

**Contracts and Arrangements with Related Parties**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. The details of contract/arrangement/transaction with related parties which could be considered material are given in Annexure 2 in the form AOC-2. Your Directors draw attention to Note No. 25 to the financial statement which sets out details of transactions with related parties.

**Deposits, Loans and Advances**

During the year, the Company has not accepted any deposits from public or its employees within the meaning of Section 73 of the Companies Act, 2013.

The Company has not made any loans and advances of the nature which are required to be disclosed in the annual accounts of the Company pursuant to Regulation 34(3) and 53 (f) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable to the holding company Mahindra Lifespace Developers Limited.

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

The particulars relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 during the year are given in the prescribed format in the

**Annexure 3** to this report.

**Employee Remuneration**

Being an unlisted Company, the details of employee remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are not applicable to the Company.

**Extract of Annual Return**

The details forming part of the Extract of the Annual Return in Form MGT-9, as required under Section 92 of the Companies Act, 2013 is included in this Report as **Annexure 4** and forms part of this Report.

**Safety, Health and Environmental Performance**

The Company's commitment towards safety, health and environment is being continuously enhanced and persons working are well informed on safety, health and measure to reduce energy consumption.

**Sustainability**

The Company continues with its journey on sustainable development with conscious efforts to minimize the environmental impact caused by its operations and simultaneously taking responsibility to enable communities to Rise without losing focus on economic performance.

**General**

- During the year, there were no cases filed/reported pursuant to the Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.
- No fraud has been reported during the year by the Statutory Auditor and cost Auditor of the Company.

**Cautionary statement:**

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

**Disclaimer**

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

**Acknowledgment**

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

For and on behalf of the Board,

**Anita Arjundas**
*Chairperson*
DIN : 00243215

*Mumbai, 16th June, 2017*

# ANNEXURE 1

# MAHINDRA HOMES PRIVATE LIMITED

## Whistle Blower Policy (Vigil Mechanism)

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

2. **Preface**

Mahindra Homes Private Limited(MHPL) ("the Company") is committed to conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics, honesty, integrity and ethical conduct. Towards this end, the Company has adopted two separate Codes of Conduct viz. for Directors and for Senior Management & Employees (collectively referred to as "Codes" or "the Codes") and various Codes/Policies under the helm of Corporate Governance which inter alia include Policy on Disaster Management, Environment & Pollution, Human Resources, etc. (collectively referred to as "Policies") which lays down the principles and standards that should govern the actions of the Company and its Employees. Any actual or potential violation of the Code/ Policies, howsoever insignificant or perceived as such, would be a matter of serious concern for the Company. The role of the Employees/Directors in pointing out such violations of the Code/Policies cannot be undermined.

Further, as per the provisions of sub-section 9 of Section 177 of Companies Act. 2013 ("the Act" or "Act"), the Company has been mandated to establish a vigil mechanism for Directors and employees of the company to report to the Management, instances of unethical behavior, actual or suspected, fraud or violation of the Company's Code or Policies.

Accordingly, this Whistle Blower Policy ("the Policy" or "this Policy") has been formulated with a view to provide a mechanism for Directors and Employees of the Company to approach the Chairperson of the Company and to report their genuine concerns or grievances.

3. **Definitions**

The definitions of the key terms used in this Policy are given below. [Terms not defined herein below shall have the meaning assigned to them under the Codes/Policies/ Act.]

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

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

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

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

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

vi. "Protected Disclosure" means any communication made in good faith that discloses or demonstrates information that may evidence illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity.

vii. "Subject" means a person against or in relation to whom a Protected Disclosure has been made or evidence gathered during the course of an investigation.

viii. "Whistle Blower" means a Director or Employee making a Protected Disclosure under this Policy.

4. **Scope**

a. The Whistle Blower's role is that of a reporting party with reliable information. They are not required or expected to act as investigators or finders of facts nor would they determine the appropriate corrective or remedial action that may be warranted in a given case.

b. Whistle Blowers should not act on their own in conducting any investigative activities, nor do they have a right to participate in any investigative activities other than as requested by the Chairperson or the Investigator.

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

5. **Eligibility**

All the Directors and Employees of the Company are eligible to make Protected Disclosures under the Policy. The Protected Disclosures may be in relation to matters concerning the Company.

6. **Procedure**

a. All Protected Disclosures should be addressed to the Chairperson.

b. If a protected disclosure is received by any Executive(s) of the Company other than the Chairperson, the same should be forwarded to the Chairperson for further appropriate action.

c. Appropriate care must be taken to keep the identity of the Whistle Blower(s) confidential.

d. Protected Disclosures should be reported in writing so as to ensure a clear understanding of the issues raised, be typed in English, Hindi or in the Regional Language of the place of employment of the Whistle Blower(s).

e. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower(s). The Chairperson shall detach the covering letter and forward only the Protected Disclosure to the Investigators for investigation.

f. Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern.

## 7. Investigation

a. All Protected Disclosures reported under this Policy would be thoroughly investigated by the Chairperson who would investigate/oversee the investigations.

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

c. The decision to conduct an investigation taken by the Chairperson is by itself not an accusation and is to be treated as a neutral fact-finding process. The outcome of the investigation may or may not support the conclusion of the Whistle Blower that an improper or unethical act was committed.

d. The identity of the Subject and the Whistle Blower would be kept confidential to the extent possible given the legitimate needs of law and the investigation.

e. Subjects would normally be informed of the allegations at the outset of a formal investigation and have opportunities for providing their inputs during the investigation.

f. Subjects shall have a duty to co-operate with the Chairperson or any of the Investigators during investigation to the extent that such co-operation will not compromise self-incrimination protections available under the applicable laws.

g. Subjects have a right to consult with a person or persons of their choice, other than the Chairperson

h. Subjects have a responsibility not to interfere with the investigation. Evidence shall not be withheld, destroyed or tampered with and witnesses shall not be influenced, coached, threatened or intimidated by the Subjects.

i. Unless there are compelling reasons not to do so, Subjects would be given the opportunity to respond to material findings contained in an investigation report. No allegation of wrongdoing against a Subject shall be considered as maintainable unless there is good evidence in support of the allegation.

j. Subjects have a right to be informed of the outcome of the investigation.

k. The investigation shall be completed normally within 45 days of the receipt of the Protected Disclosure.

## 8. Protection

a. For the purpose of providing protection to the Whistle Blower(s), the Whistle Blower(s) should disclose his/her identity in the covering letter forwarding such Protected Disclosure.

b. The identity of the Whistle Blower(s) shall be kept confidential unless otherwise required by law, and in which case the Whistle Blower(s) would be informed accordingly.

c. No unfair treatment would be meted out to a Whistle Blower(s) by virtue of his/her having reported a Protected Disclosure under this Policy. The Company, as a Policy, condemns any kind of discrimination, harassment, victimisation or any other unfair employment practice being adopted against Whistle Blower(s). Complete protection would, therefore, be given to Whistle Blower(s) against any unfair practice like retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion or the like including any direct or indirect use of authority to obstruct the Whistle Blower's right to continue to perform his duties/functions including making further Protected Disclosure. The Company would take steps to minimise difficulties, which the Whistle Blower(s) may experience as a result of making the Protected Disclosure.

d. A Whistle Blower(s) may report any violation of the above Clause to the Chairperson who shall investigate into the same and recommend to the Board, the suitable action to be taken;

e. Any other Employee assisting in the said investigation shall also be protected to the same extent as the Whistle Blower(s).

## 9. Disqualifications

a. While it would be ensured that genuine Whistle Blower(s) are accorded complete protection from any kind of unfair treatment as herein set out, any abuse of this protection would warrant disciplinary action.

b. Protection under this Policy would not mean protection from disciplinary action arising out of false or bogus allegations made by a Whistle Blower(s) knowing it to be false or bogus or with a mala fide intention.

c. Whistle Blower(s), who make any Protected Disclosures, which have been subsequently found to be mala fide or malicious or Whistle Blower(s) who make 3 or more Protected Disclosures, which have been subsequently found to be frivolous, baseless or reported otherwise than in good faith, would be disqualified from reporting further Protected Disclosures under this Policy and may be subject to disciplinary action.

**10. Investigators**

a. Investigators are required to conduct a process towards fact-finding and analysis. Investigators shall derive their authority and access rights from the Chairperson when acting within the course and scope of their investigation.

b. Technical and other resources may be drawn upon as necessary to augment the investigation. All Investigators shall be independent and unbiased both in fact and as perceived. Investigators have a duty of fairness, objectivity, thoroughness, ethical behavior and observance of legal and professional standards.

c. Investigations would be launched only after a preliminary review by the Chairperson, which establishes that:

   i. the alleged act constitutes an improper or unethical activity or conduct; and

   ii. the allegation is supported by information specific enough to be investigated or in cases where the allegation is not supported by specific information, it is felt that the concerned matter is worthy of Management review.

**11. Decision**

If an investigation leads the Chairperson to conclude that an illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes or Policies or any improper activity has taken place/has been committed, the Chairperson shall take such disciplinary or corrective action as the Chairperson may deem fit

**12. Reporting**

A report with number of complaints received under this Policy and their outcome shall be placed before the Board on a regular basis.

**13. Retention of documents**

All Protected Disclosures in writing or documented alongwith the results of investigation relating thereto shall be retained by the Company for a minimum period of seven years.

**14. Amendment**

The Company reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever. However, no such amendment or modification would be binding on the Employees/ Directors unless the same is notified to the Employees/ Director.

For and on behalf of the Board,

**Anita Arjundas**
*Chairperson*
DIN: 00243215

*Mumbai, 16th June, 2017*

# Annexure-2

# FORM NO. AOC-2

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

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

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

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

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

For and on behalf of the Board,

**Anita Arjundas**
*Chairperson*
DIN: 00243215

*Mumbai, 16th June, 2017*

# ANNEXURE 3

## A. CONSERVATION OF ENERGY

| | | | |
|---|---|---|---|
| (i) | the steps taken or impact on conservation of energy | : | As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Building.<br><br>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<br><br>Steps taken for energy conservation:<br>1. Energy efficient building envelops for walls and roofs<br>2. Energy efficient fenestration through use of Double Glazed Unit (DGU) for the reduction in the heat gain<br>3. Heat Reflective paint<br>4. Adoption of solar street lighting for landscape areas<br>5. Adoption of high efficient pumps, motors<br>6. Group control mechanism for lifts<br>7. CFL/LED lamps for common areas & pathways |
| (ii) | the steps taken by the company for utilising alternate sources of energy | : | Adoption of Solar hot water systems |
| (iii) | the capital investment on energy conservation equipments | : | It is a mandate in our organisation to develop all the projects as green building projects. We don't capture these expenses separately under environmental protection expenditures/ green investments.<br>During the feasibility study of the project for green building rating, these expenses are considered in the project budget itself.<br>These expenditures are mainly for<br>1. use of energy efficient building envelops & fenestration<br>2. heat reflective paint,<br>3. low flow fixtures,<br>4. sewage treatment plant,<br>5. rain water harvesting system,<br>6. organic waste converter,<br>7. energy efficient equipments such as pumps and motors, etc.<br>8. Solar hot water systems,<br>9. Energy efficient lighting fixtures such as CFL/ LED's |

## B. TECHNOLOGY ABSORPTION

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

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, details of Foreign Exchange earnings is Nil and the Foreign Exchange outgo in terms of actual outflows is ₹ 41,407,304.

For and on behalf of the Board,

**Anita Arjundas**
*Chairperson*
DIN: 00243215

*Mumbai, 16th June, 2017*

# ANNEXURE 4

## FORM NO. MGT - 9
## EXTRACT OF ANNUAL RETURN

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

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

### 1. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| 1. | **CIN** | U70102MH2010PTC203618 |
| 2. | **Registration Date** | 02/06/2010 |
| 3. | **Name of the Company** | Mahindra Homes Private Limited (Formerly Watsonia Developers Private Limited and before that Watsonia Developers Limited) |
| 4. | **Category/Sub-Category of the Company** | Company limited by shares/ Indian Non-Government Company |
| 5. | **Address of the Registered office and contact details** | Mahindra Towers, 5th Floor, Worli, Mumbai 400 018.<br>Tel: 022 6747 8600 |
| 6. | **Whether listed Company (Yes/No)** | No |
| 7. | **Name, Address and Contact details of Registrar and Transfer Agent, if any** | M/s. Karvy Computershare Private Limited<br>Karvy Selenium, Tower- B, Plot No 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032<br>Telephone: 91 40-67162222<br>Email id: einward.ris@karvy.com |

### 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

### 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

| Sr. No. | Name and Address of the Company | CIN/GIN | Holding/ Subsidiary of the Company | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1. | Mahindra Lifespace Developers Limited<br>Address- Mahindra Towers, 5th Floor, Worli , Mumbai- 400018, Maharashtra | L45200MH1999PLC118949 | Holding | 74.98% | Section 2(46) |
| 2. | Mahindra and Mahindra Limited<br>Address: Gateway Building, Apollo, Bunder, Mumbai – 400 001 | L65990MH1945PLC004558 | Ultimate Holding | NIL | 2 (46) |

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

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

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/HUF | – | – | – | – | – | – | – | – | – |
| b) Central Govt. | – | – | – | – | – | – | – | – | – |
| c) State Govt(s) | – | – | – | – | – | – | – | – | – |
| d) Bodies Corp. | – | – | – | – | – | – | – | – | – |

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Series A Equity Shares of ₹ 10 each | 205,628 | – | 205,628 | 50 | 205,628 | 411,251 | 616,879 | 74.99 | 24.99 |
| B. Series C Equity Shares of ₹ 10 each | 389 | – | 389 | 100 | 389 | – | 389 | 100 | – |
| e) Banks/FI | – | – | – | – | – | – | – | – | – |
| f) Any Other... | – | – | – | – | – | – | – | – | – |
| **Sub-total (A)(1):-** | 206,017 | – | 206,017 | 50 | 206,017 | 411,251 | 617,268 | 74.98 | 24.98 |
| **(2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | – | – | – | – | – | – | – | – | – |
| b) Other - Individuals | – | – | – | – | – | – | – | – | – |
| c) Bodies Corp. | – | – | – | – | – | – | – | – | – |
| d) Banks/FI | – | – | – | – | – | – | – | – | – |
| e) Any Other... | – | – | – | – | – | – | – | – | – |
| **Sub-total (A)(2):-** | – | – | – | – | – | – | – | – | – |
| **Total shareholding of Promoter (A)=(A)(1)+(A)(2)** | 206,017 | – | 206,017 | 50 | 206,017 | 411,251 | 617,268 | 74.98 | 24.98 |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | – | – | – | – | – | – | – | – | – |
| b) Banks/FI | – | – | – | – | – | – | – | – | – |
| c) Central Govt. | – | – | – | – | – | – | – | – | – |
| d) State Govt(s) | – | – | – | – | – | – | – | – | – |
| e) Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| f) Insurance Companies | – | – | – | – | – | – | – | – | – |
| g) FIIs | – | – | – | – | – | – | – | – | – |
| h) Foreign Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| i) Others (specify) | – | – | – | – | – | – | – | – | – |
| **Sub-total (B)(1):-** | – | – | – | – | – | – | – | – | – |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | – | – | – | – | – | – | – | – | – |
| ii) Overseas | – | – | – | – | – | – | – | – | – |
| Series A Equity Shares of ₹ 10 each | 205,628 | – | 205,628 | 50 | 205,628 | – | 205,628 | 25.01 | 24.99 |
| Series B Equity Shares of ₹ 10 each | 389 | – | 389 | 100 | 389 | – | 389 | 100 | – |
| b) Individuals | | | | | | | | | |
| i. Individual shareholders holding nominal share capital upto ₹ 1 lakh | – | – | – | – | – | – | – | – | – |

| Category of Shareholder | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh | – | – | – | – | – | – | – | – | – |
| c) Others (Non Resident Individuals) | – | – | – | – | – | – | – | – | – |
| d) Others | – | – | – | – | – | – | – | – | – |
| **Sub-total (B)(2):-** | 206,017 | – | 206,017 | 50 | 206,017 | | 206,017 | 25.02 | 24.98 |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | – | – | – | – | – | – | – | – | – |
| C. Shares held by Custodian for GDRs & ADRs | – | – | – | – | – | – | – | – | – |
| **Grand Total (A+B+C)** | **412,034** | – | **412,034** | **100** | **412,034** | **411,251** | **823,285** | **100** | – |

**(ii) Shareholding of Promoters:**

| Sr. No. | Category of Shareholder | No. of Shares held at the beginning of the year | | | No. of Shares held at the end of the year | | | % change during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company for each series of Equity Shares | % of Shares Pledged/ encumbered to total shares | No. of Shares | % of total Shares of the company for each series of Equity Shares | % of Shares Pledged/ encumbered to total shares | |
| A. | Series A Equity Shares of ₹10 each (all ordinary shares which were in existence earlier were converted into Series A Equity Shares effective 29th July, 2014) | | | | | | | |
| 1 | Mahindra Lifespace Developers Limited | 205,628 | 50 | – | 616,879 | 74.99 | – | 24.99 |
| B. | Series C Equity Shares of ₹10 each | | | | | | | |
| 1 | Mahindra Lifespace Developers Limited | 389 | 100 | – | 389 | 100 | – | – |

**(iii) Change in Promoters' Shareholding:**

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

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

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

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

**5. INDEBTNESS**

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

**(Amount in ₹)**

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

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

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

B. Remuneration of other directors: Not Applicable

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

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

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD/ NCLT/Court] | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| **A. Company** | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. Directors** | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. Other Officers in Default** | | | | | |
| Penalty | None | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board,

**Anita Arjundas**
*Chairperson*
DIN: 00243215

*Mumbai, 16th June, 2017*

# INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF**
**MAHINDRA HOMES PRIVATE LIMITED**

### Report on the Ind AS Financial Statements

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

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

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

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

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

   (e) On the basis of written representations received from the directors as on 31 March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

i. The Company does not have any pending litigations which would impact its financial position;

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

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

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

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

**per Jayesh Gandhi**
*Partner*
*Membership Number: 37924*

*Place: Mumbai*
*Date: April 18, 2017*

# ANNEXURE 1

**REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE**

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, since the Company's immovable property forming part of fixed assets comprises of building which are on land in possession of the Company, the title deeds are not required.

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

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

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

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

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. According to the information and explanations given to us, provident fund and employees' state insurance are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

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

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer/further public offer/ debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud/material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

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

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

**per Jayesh Gandhi**
*Partner*
*Membership Number: 37924*

*Place: Mumbai*
*Date: April 18, 2017*

# ANNEXURE 2

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

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

**To the Members of**
**Mahindra Homes Private Limited**

We have audited the internal financial controls over financial reporting of Mahindra Homes Private Limited ("the Company") as of 31 March, 2017 in conjunction with our audit of Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

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

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the Ind AS financial statements of the company, which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 18, 2017 expressed an unqualified opinion thereon.

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

**per Jayesh Gandhi**
*Partner*
*Membership Number: 37924*

*Place: Mumbai*
*Date: April 18, 2017*

# BALANCE SHEET AS AT 31 MARCH, 2017

(Amounts in INR)

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

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

As per our report of even date.

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

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

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

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

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

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

(Amounts in INR)

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

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

As per our report of even date.

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

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

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

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

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

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

(Amounts in INR)

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

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

As per our report of even date.

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

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

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

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

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

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

## A. Equity Share Capital

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

## B. Other Equity

(Amounts in INR)

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

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

As per our report of even date.

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

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

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

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

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

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

**1. Corporate Information**

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

**2. Significant accounting policies**

**2.1 Statement of compliance**

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

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

**2.2 Basis of preparation and presentation**

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

**2.3 Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

**2.4 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

**2.4.1 Income on sale of residential properties**

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

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

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

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

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

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

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

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

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

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

**2.4.2 Sale of goods**

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

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**2.4.3 Dividend and interest income**

Dividend income from investment in mutual funds is recognised when the unit holder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**2.5 Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

**2.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

**2.7 Leases**

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

<u>Company as a lessee</u>

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

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

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

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

**2.8 Taxation**

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

**2.8.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**2.8.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**2.8.3 Current and deferred tax for the year**

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

**2.8.4 Minimum Alternate Tax (MAT)**

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

**2.9 Property, plant and equipment**

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

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

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

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

**2.10 Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

**2.11 Inventories (project work-in-progress)**

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

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

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

**2.12 Cash and cash equivalents**

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

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

**2.13 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

**2.14 Financial instruments**

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

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

**2.14.1 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

**2.14.2 Classification of financial assets**

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

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

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

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

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

All other financial assets are subsequently measured at fair value.

**2.14.3 Effective interest method**

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

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

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

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

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

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

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

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

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

**2.14.5 Impairment of financial assets**

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

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

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

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

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

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

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

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

**2.14.6 Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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

**2.14.7 Foreign exchange gains and losses**

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

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

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

**2.15 Financial liabilities and equity instruments**

**Classification as debt or equity**

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

**2.15.1 Equity instruments**

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

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

**2.15.2 Foreign exchange gains and losses**

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

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

**2.15.3 Derecognition of financial liabilities**

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

**2.16 Derivative financial instruments**

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

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

**2.16.1 Hedge accounting**

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

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

**2.16.2 Fair value hedges**

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

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

**2.16.3 Cash flow hedges**

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

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

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

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

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

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

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

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

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

**3. Property, Plant and Equipment**

(Amounts in INR)

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

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

**4. Income Tax**

**(a) Income Tax recognised in profit or loss**

(Amounts in INR)

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

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

(Amounts in INR)

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

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

(Amounts in INR)

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

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

**4. Current Tax and Deferred Tax**

**(i) Movement in deferred tax balances**

(Amounts in INR)

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

(Amounts in INR)

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

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

**5. Other assets**

(Amounts in INR)

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

**6. Inventories**

(Amounts in INR)

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

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

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

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

**7. Current Investments**

(Amounts in INR)

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

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

**8. Trade Receivables**

(Amounts in INR)

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

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

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

**9. Cash and bank balances**

(Amounts in INR)

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

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

**Reconciliation of Cash and Cash Equivalents**

(Amounts in INR)

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

**10. Other Financial assets**

(Amounts in INR)

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

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

**Break-up of financial assets carried at amortised cost**

(Amounts in INR)

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

**11. Share capital**

(Amounts in INR)

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

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

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

(Amounts in INR)

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

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

(Amounts in INR)

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

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

**(a) Terms/rights attached to equity shares**

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

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

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

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

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

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

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

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

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

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

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

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

**(iii) Shares reserved for issue under options**

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

**12. Other Equity**

(Amounts in INR)

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

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

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

**13. Non current borrowings**

**Details of Long term Borrowings of the Company:**

(Amounts in INR)

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

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

**Terms and conditions of Debentures**

**Series A Debentures - Compulsory Convertible Debenture**

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

**Series B Debentures - Optionally Convertible Debenture**

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

**Term Loan from Bank**

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

**14. Trade Payables**

(Amounts in INR)

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

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

* There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**15. Other Financial liabilities**

(Amounts in INR)

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

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

(Amounts in INR)

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

**Breakup of financial liabilities carried at amortised cost**

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

**16. Other liabilities**

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

**17. Provisions**

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

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

The movement in provision for defect liability is as follows:

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

**18. Revenue from Operations**

(Amounts in INR)

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

**19. Other Income**

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

**20A. Construction Expenses incurred**

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

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

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

(Amounts in INR)

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

**21. Other expenses**

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

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

**22. Finance Costs**

(Amounts in INR)

| **Particulars** | **31 March, 2017** | 31 March, 2016 |
|---|---|---|
| Interest on Debentures | **896,476,000** | 1,129,958,399 |
| Interest on Term Loan | **191,964,994** | 527,363 |
| Interest cost due to discounting to customers | **8,003,289** | – |
| Interest on Overdraft facility | **169,255** | – |
| Interest on Income tax payable | **1,780,000** | – |
| Less: Amounts included in the cost of qualifying assets | **(1,075,480,994)** | (1,114,045,762) |
| **Net Finance Cost** | **22,912,544** | 16,440,000 |

Analysis of Interest Expenses by Category

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

**23. Earnings per share (EPS)****

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

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

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

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

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

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

(Amounts in INR)

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

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

**24. Leases**

(Amounts in INR)

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

**25. Related party disclosures**

**Names of related parties and related party relationship**

**Related parties where control exists**

| | |
|---|---|
| Enterprises having joint control over the Company | Mahindra Lifespace Developers Limited<br>SCM Real Estate (Singapore) Private Limited |
| **Related parties with whom transactions have taken place during the year** | |
| Enterprises having joint control over the Company | Mahindra Lifespace Developers Limited<br>SCM Real Estate (Singapore) Private Limited |
| Subsidiary of a company having joint control over the Company | Anthurium Developers Limited |
| Holding company of enterprise having joint control over the Company | Mahindra & Mahindra Limited |
| Subsidiary of Holding company of enterprise having joint control over the Company | Mahindra Defence Systems Limited<br>Mahindra Integrated Business Solutions Private Limited |

**Related party transactions**

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

(Amounts in INR)

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

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

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

(Amounts in INR)

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

**Terms and conditions of transactions with related parties**

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

**26. Fair Values**

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

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

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

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

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

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

**27. Fair Value Hierarchy**

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

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

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

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

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

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

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

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

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

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

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

**28. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

**Judgements**

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

**Revenue recognition**

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

**Estimation of net realisable value for inventories**

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

**Taxes**

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

**Fair value measurement of financial instruments**

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

**29. Standards issued but not yet effective**

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

Amendment to Ind AS 7:

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

Amendment to Ind AS 102:

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

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

**Overall principle**

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

**Derecognition of financial assets and financial liabilities**

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

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

**Classification of debt instruments**

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

**Impairment of financial assets**

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

**Assessment of embedded derivatives**

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

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

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

**Determining whether an arrangement contains a lease**

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

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

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

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

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

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

**(iii) Material adjustments to the Statement of Cash Flows**

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

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

**a) Mark to Market adjustment of Mutual Fund**

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

**b) Finance Component in Sales Price**

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

**c) Effective interest rate adjustment**

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

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

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

**d) Deferred tax on Ind AS Adjustment**

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

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

**31. Capital management**

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary. There is no change in the overall capital risk management strategy of the Company compared to last year.

The Company uses debt ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

The Company is not subject to externally enforced capital regulation.

Debt-to-equity ratio as of 31 March, 2017, 31 March, 2016 and 1 April, 2015 is as follows:

(Amounts in INR)

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

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

**32. Financial Risk Management Framework**

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

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

**CREDIT RISK**

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

**Credit risks related to receivables resulting from customer contract**

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

**Credit risk related to financial instruments**

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

**LIQUIDITY RISK**

**(i) Liquidity risk management**

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

**(ii) Maturities of financial liabilities**

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

(Amounts in INR)

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

**MARKET RISK**

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

**Currency Risk**

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

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

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

**Interest rate risk**

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

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

**Interest rate sensitivity**

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

(Amounts in INR)

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

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

**33. Capital & other Commitments**

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

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

**34. Segment information**

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

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

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

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

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

**37. Previous period figures**

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

As per our report of even date.

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

**per Jayesh Gandhi**
*Partner*
*Membership No.: 37924*

*Place: Mumbai*
*Date: 18 April, 2017*

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

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

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